

VZCZCXRO0274
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHNP RUEHROV RUEHSL RUEHSR
DE RUEHVL #0004/01 0041445
ZNY CCCCC ZZH
P 041445Z JAN 10
FM AMEMBASSY VILNIUS
TO RUEHC/SECSTATE WASHDC PRIORITY 4041
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 04 VILNIUS 000004

SIPDIS

E.O. 12958: DECL: 01/04/2020

TAGS: [PREL](#) [PGOV](#) [ENRG](#) [LH](#)

SUBJECT: LITHUANIAN PRESIDENT GRYBAUSKAITE'S FIRST SIX MONTHS

REF: A. VILNIUS 711

[1](#)B. VILNIUS 710

[1](#)C. VILNIUS 440

Classified By: Charge d'Affaires Damian Leader for reasons 1.4 (b) and (d).

Summary and Introduction

[1](#)1. (C) After six months as president of Lithuania, Dalia Grybauskaite has put a strong personal stamp on the office and has charted a new direction from that set by her predecessor, Valdas Adamkus. She retains high approval ratings, and is seen as honest and hard working. She has sought to orient Lithuanian foreign policy more towards relations with Europe, and has cultivated a more pragmatic relationship with Russia that could enhance Lithuania's reputation among its Western allies. She wants better coordination among the three Baltic countries to push forward energy projects, but at the same time has irritated Baltic counterparts by publicly speaking on their behalf about NATO contingency planning for the Baltic region. Despite an economic background, she has rejected taking a personal role in marketing Lithuania to foreign traders and investors (whom she suspects would be uninterested in any case in Lithuania, absent strong financial incentives that the GOL would be hard pressed to deliver). She has been a strong supporter of women's issues and opposed efforts to criminalize information on homosexuality to minors. She has a good relationship with Prime Minister Andrius Kubilius, but her feud with Foreign Minister Vygaudas Usackas has become very open, and some Seimas (parliament) members lament her lack of political acumen. She can be very prickly in reacting to public criticism. Unlike many senior Lithuanian officials (including her predecessor), Grybauskaite is not instinctively pro-American. Meetings with the President and the Secretaries of State and Defense during Grybauskaite's proposed March 2010 trip to Washington could pay dividends far into the future, as we seek to engage her on a range of bilateral and multilateral issues, including Afghanistan and contingency planning. End Summary.

[1](#)2. (C) Grybauskaite's advisors told us early in her tenure that she would not be conducting a "photo op" presidency consisting of meetings with all comers, and that she would exert control over government operations in excess of her predecessors. "She considers herself the 'decider' on everything important, one advisor told us. Grybauskaite prides herself on being straightforward and all business. She works long hours, schedules few meetings, and has made her opinion on what works (and what doesn't work) in Lithuania known widely. In both word and deed she has made it clear that she is accessible to the Ambassador, but at the same time her advisors tell us she is interested in meeting only the most senior USG officials. We understand the president is a quick study and very bright, and at the same time has a long memory and does not forget slights.

13. (C) In a society where family ties are strong and connections through family and friends help one advance, Grybauskaite is an anomaly. With her parents deceased and no siblings or children of her own, the unmarried president has no close family. Rumors about her sexual preference during the presidential campaign were categorically denied by Grybauskaite, and have been a non-issue since then. Chief foreign policy advisor Darius Semaska, who worked with Grybauskaite when she was posted to the Lithuanian Embassy in Washington, said she did not socialize or cultivate friendships there, and even now has only one or two close friends. Despite her lack of interest in socializing, though, she surprised her staff by being an effective person-on-person political campaigner, which they attribute to her view that campaigning is "socializing with a purpose".

She does reach out to support charities, particularly children's issues such as orphanages (charities are the only events to which she is willing to extend presidential prestige to support). Her reputation for being aloof in private is not reflected in her public appearances, where she often shows a warm and caring side. The result -- she remains by far the most popular politician in Lithuania, with one late December poll showing her popularity at 85 percent.

Focus on Security Issues and Energy

14. (C) Security issues related to Russia have been a paramount focus of President Grybauskaite. She has been an outspoken proponent for NATO development of a contingency plan for the three Baltic states. Her public statements have raised concerns among other NATO members that she has

VILNIUS 00000004 002 OF 004

unnecessarily increased her rhetoric for political reasons, which makes progress on the ultimate goal of a contingency plan more difficult for some members of the Alliance. Her comments reportedly upset counterparts in Estonia and Latvia, who are not always consulted in advance of Grybauskaite's statements regarding "Baltic" security needs. According to Defense Minister Juknevičienė however, Grybauskaite is unrepentant about the high public profile she has taken on contingency planning, believing that her comments to the effect that "the Emperor has no clothes" spurred Alliance thinking on Baltic defense.

15. (C) With the December 31 closure of the Ignalina nuclear power plant, energy security has become a priority for the President. On energy issues Grybauskaite has worked more closely and constructively with her Baltic counterparts, approaching the issue pragmatically and advocating a more regional approach to alleviating energy dependence on Russia.

A summit meeting with the other Baltic presidents in mid-December produced long-overdue agreement on implementing a range of regional energy projects, with the hope that a coordinated approach would be more likely to attract financing from both the private sector and the EU (ref B).

16. (C) Grybauskaite has also been a force for moderation and universal values within Lithuania. She appointed a commission to address the homophobic aspects of a law on information to minors, and defused a highly contentious issue. She was key in securing the establishment of the EU Institute for Gender Equality in Vilnius and attended its opening.

Looking West, but Handling the East

17. (C) Grybauskaite's Washington experience, and her dealings with the United States on trade issues, did not leave her as pro-American as her predecessor Valdas Adamkus. Nor is she as openly anti-Russian as Adamkus, believing that inflammatory anti-Russian rhetoric damages Lithuania's standing in EU councils. She has sought to reorient Lithuanian foreign policy towards greater cooperation with

the EU (her early trips as president were to Brussels, Berlin, and Paris) and away from Adamkus' high-profile support for countries like Georgia and Ukraine. To enhance Lithuania's reputation within both NATO and the EU, she has promoted a U.S.-like "reset" to the Lithuanian-Russian relationship that approaches bilateral disputes on a pragmatic, results-oriented basis (though her comments on NATO contingency planning reveal the limits of her pragmatism). This approach was in evidence earlier in her tenure, when she spoke by phone with Russian President Medvedev to help broker a resolution to a Russian crackdown on Lithuanian cargo trucks entering Russia; the situation was essentially resolved shortly thereafter (ref C). At the same time, she has been forcefully pushing NATO to develop a contingency plan for the Baltics, and to address other security concerns with Russia, including Russian influence on Lithuanian media.

No Interest in Marketing Lithuania

18. (C) Although an economist by background, and having just served as EU Budget Commissioner, Grybauskaite has decided not to play a prominent role in promoting investment and trade. Her advisors now tell us that she envisions a trip to the U.S. in March 2010 focused exclusively on political issues, with meetings requested with the President as well as Secretary Clinton and Secretary Gates. Although at one point we understood a business component would be included, the President has decided that Prime Minister Kubilius should focus his 2010 visits to the U.S. on economic and business issues, leaving her to focus exclusively on international political issues.

19. (C) The Lithuanian constitution gives the president significant foreign policy authority, but little in the way of economic authority, so Grybauskaite's decision makes constitutional sense. But her lack of interest in promoting Lithuania's business interests reflects her belief that Lithuania will never be able to attract big investments from the U.S. or elsewhere. She is skeptical that investment incentives offered to potential foreign investors will have much impact in Lithuania, and instead believes that Lithuanian-owned small and medium enterprises will drive the country's future economic growth. Semaska told us that Grybauskaite does not want to be associated with businessmen (noting she rejected his advice to lead of a group of Lithuanian businessmen on a visit to Estonia and Finland earlier in the fall). Her refusal reflects her view that

VILNIUS 00000004 003 OF 004

such businessmen would want to accompany her only to ask her for favors and to curry political influence, damaging the independence from special interest groups that has helped underpin her popularity.

110. (C) Grybauskaite's views on foreign investment were profoundly affected by the failed investment of the U.S. firm Williams in Lithuania's Mazeikiu Nafta oil refinery from 1999-2002, according to Semaska (Grybauskaite has mentioned the controversy to the Ambassador on more than one occasion). She believes that the investment incentives offered to Williams by the 1999 Kubilius government (including tax holidays and reduced tariffs on rail use) were embarrassing concessions and a waste of government resources that did not create a sustainable investment, leading Williams eventually to sell the refinery to Russia's Yukos (much to Lithuania's consternation).

Strained Relations with the Government/Seimas

111. (C) Although she was supported by the Conservatives during her election campaign (she ran as an independent), Grybauskaite has not been shy to criticize the Conservative-led government. Shortly after her inauguration

she insisted that the government change finance ministers, sending Algirdas Semeta to take her prior position as EU Budget Commissioner, while elevating to the minister job her longtime ministry colleague Ingrida Simonyte. She has torpedoed one ambassadorial nomination and recalled another high-profile ambassador, and has become increasingly critical, in public, of Foreign Minister Vygaudas Usackas (reported septel).

¶12. (C) The President's relationship with Prime Minister Kubilius appears to be good and he supported her presidential candidacy. However, her relationship with the Seimas appears to be tepid, with some MPs complaining to us that the President rarely visits the Seimas except to attend constitutionally-mandated events. Senior PM Advisor Virgis Valentinavicius told Ambassador recently that Grybauskaite doesn't yet know well how to effectively navigate Lithuanian politics, which is reflected by her relative lack of popularity among Seimas members (ref A), although she is learning fast.

¶13. (C) In addition to being out of sync with the Seimas, Grybauskaite has already lost support from some of the elites who had supported her candidacy. Businessmen have told us of their disappointment with her unwillingness to engage on their issues and her decision to eliminate the trade and business aspects from her planned trip to America. She can be prickly when criticized, especially in public, and the personal quality of her attacks on people she dislikes or disagrees with, such as FM Usackas, former VSD head Povilas Malakauskas and several ambassadors, has been noted.

No Special Warmth for the U.S.

¶14. (C) Grybauskaite spent several years in the U.S. She attended a six-month program on international economic diplomacy at Georgetown University in 1991, participated in the International Visitor Leadership Program in 1994, then served as DCM at the Lithuanian Embassy in Washington from 1996 to 1999. Despite her extensive U.S. experience, we have heard from more than one source that she is no more favorably disposed to the U.S. than when she first visited. She was particularly unimpressed with the Lithuanian-American community, believing that post-1990 most of them never delivered on their promise of real investment to help rebuild Lithuania. We understand that she believes most of them seemed only interested in retiring and moving to Lithuania to get hired by the GOL as experts of one sort or another. Her attitude is reflected in her decision to forego being the guest of honor at the 2010 U.S.-Baltic Foundation dinner (an honor that she apparently asked be extended to PM Kubilius instead).

¶15. (C) Her handling of the ABCNews story alleging the CIA ran secret prisons in Lithuania, and its effect on U.S. relations, appeared uncertain. When the story first broke, she expressed to the Ambassador her concern that it could harm U.S.-Lithuanian relations. Shortly afterwards, following a meeting with Council of Europe Human Rights Commissioner Thomas Hammarberg, she seemed to allow herself to be provoked in a press conference and called publicly for an investigation that many thought ill-advised. Some members of the American caucus in the Seimas also told us that they were upset that Grybauskaite reignited the secret CIA prison story, which caused a somewhat-reluctant Seimas to launch an

VILNIUS 00000004 004 OF 004

investigation; these MPs worry that the investigation could damage Lithuania's vital relationship with the U.S. She also appeared to use the alleged prisons as a reason to force out the VSD director and call for more accountability. She did not seem to be aware of how this could affect relations with the U.S.

Comment: U.S. Needs to Cultivate Grybauskaite

¶16. (C) The absence of an instinctive pro-American attitude does not mean Grybauskaite is anti-American. The Ambassador's meetings with her reflect Grybauskaite's understanding that the U.S. is an important ally, and the key ally to address her concerns on Lithuania's security. She has been an unwavering supporter of Lithuania's continued presence in Afghanistan, seeing it as a direct quid pro quo for strong NATO support for Lithuania. As noted above, though she does not have an open-door policy with every visiting U.S. official (a policy that we confirm extends to other countries as well), she has been very accessible to the Ambassador.

¶17. (C) Future support for issues of concern to the U.S. require careful cultivation of Grybauskaite now. Her planned trip to the U.S. this spring is an opportunity to create a foundation at senior USG levels through meetings with President Obama, Secretary Clinton and Secretary Gates. (She is prepared to adjust the timing of her visit in order to facilitate their scheduling.) Grybauskaite could well be president until 2019 and showing that we take her seriously, value Lithuania's support in Afghanistan, appreciate its support for our Russia policy, and want it to play a constructive role in the EuroAtlantic community, could pay dividends for many years to come.

LEADER